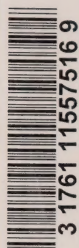


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a report by the
national council of welfare
on creating new job opportunities
for canada's poor

august 1978



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National Council of Welfare
Brooke Claxton Building
Ottawa K1A 0K9

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INTRODUCTION

During the past eight months more Canadians have been out of work than in any comparable period in the last 40 years. Rates of unemployment that would have been unthinkable only a few years ago have now become commonplace. For three months in the winter and spring of 1978, a million persons were jobless according to government figures.

Dismaying as such numbers are, the true extent of unemployment is unquestionably even worse than the official figures indicate. The labor force statistics collected each month by the federal government fail to count among the jobless those persons who, though willing and able to work, have become discouraged and stopped looking for employment. Estimates of the 'hidden unemployed' suggest that the actual unemployment rate is one and a half times as great as that published by Statistics Canada - upwards of 13% nationwide.

Any attempt to explain these extraordinary levels of joblessness must take into account the profound changes that are occurring in the makeup of the labor force. Even though the economy has generated over 300,000 new jobs during the past year, there has been an even greater number of new job-seekers. The coming of working age of the postwar baby boom has sent unprecedented numbers of young people into the labor market; almost half of all those out of work are between 15 and 24 years old. Along with young people, more and more women, particularly those with working husbands, have also been entering the labor force. Together these two groups account for approximately 70% of the total number of jobless Canadians.¹

There is no question that the unemployment currently afflicting women and youth constitutes a serious issue, and government action is required. Many families have to depend on the earnings of working wives, and there is widespread concern about the long-term economic and social consequences of continued joblessness among today's young.

But at least there is hope that the unemployment problem of youth and women will, over time, begin to diminish. Declining birth rates in recent years mean that fewer young people will be reaching working age by the next decade, while the labor force participation rate of women will increase less rapidly in the 'eighties. Moreover the financial impact of unemployment on women and young people is often cushioned by the fact that many can temporarily make do on the earnings of other family members, frequently supplemented by unemployment insurance benefits.

There is another group among the jobless, however, whose unemployment problem will not diminish by itself and for whom there is no adequate cushion against the financial consequences of losing a job. These Canadians have always suffered the most severe unemployment and they have always suffered most severely from unemployment. Yet their special problem has been virtually ignored. They are this country's poor.

Even when the economy is healthy and overall jobless rates are low, the poor experience higher rates of unemployment and longer periods of joblessness than those who are not poor. When economic growth fails to keep pace with the demand for jobs and national unemployment rates rise, the employment situation of low-income workers invariably becomes all the more desperate.

In April 1976, according to data gathered by Statistics Canada's most recent Survey of Consumer Finances,² unemployment among non-poor family heads and persons living alone stood at 5.0%. Among family heads and unattached individuals with incomes below the poverty line, however, the unemployment rate was 15.7% - more than three times as great. And these figures count only those persons who meet the official definition of being 'in the labor force', excluding again the tens of thousands of hidden unemployed, among whom the poor are disproportionately represented.

Not only are the poor more likely than the non-poor to be unemployed, they are also more likely to be afflicted with longer stretches of unemployment. Data in the National Council of Welfare's report The Working Poor shows that 30% of the heads of working poor families spent 14 weeks or more without work during the year. The comparable figure for the non-poor was 6%.

The unemployment problem facing low-income workers - like that of the labor force in general - is a complicated phenomenon which has no simple explanation. Seasonal interruptions, for example, account for regular bouts of joblessness and reduced annual incomes for many low-income workers. However, many others among the poor manage to find full-year work, but in unrewarding jobs that are particularly prone to layoffs. The economic recession and high inflation of the past few years have made life difficult for marginal firms, many of which have let workers go and even faced bankruptcy.

The situation facing individual low-income workers is often replicated on a large scale by entire communities which undergo prolonged and painful economic decline, especially smaller cities and towns dependent on one company or industry. The young and better educated may be able to move elsewhere and build a new life, but older people, the less skilled and those with families usually get left behind. Low-income workers unlucky enough to live in depressed communities face the grim prospect of experiencing technological displacement combined with seasonal unemployment and the effects of regional economic stagnation.

In spite of the complexity of the unemployment problem facing the poor, solutions are possible. Indeed, citizens in different parts of the country, working together with the unemployed, have already taken the initiative to develop their own answers and put them into effect. The purpose of this report is to describe three of these efforts. Each, interesting and encouraging in its own right,

also illustrates some basic principles which should underlie government action in tackling unemployment among the poor.

The first section looks at the experience and accomplishments of the Guysborough Community Employment Strategy Association, one of the most successful of several federal-provincial experiments in employment planning. Guysborough shows what can be done when communities and governments cooperate to analyze local employment needs and develop a coordinated, long-term plan of action.

Planning alone, of course, can't solve the unemployment problem of the poor. There also must be new ways of creating jobs. The second chapter looks at Weathercheck, a project which has created permanent jobs in Winnipeg's inner city. Using a simple production technique, Weathercheck converts used newsprint into cellulose insulation. Although only in operation for a few months, the project promises to become self-sustaining in a short while. Its accomplishments point out some of the ways in which government direct job creation schemes can be improved to provide stable work for the low-income unemployed.

The third section looks at an entirely new approach to providing jobs, goods and services for the many poor Canadians who live in economically depressed areas - the community development corporation. Drawing on the experience of New Dawn Enterprises in Sydney, Nova Scotia, the chapter describes how a small group of citizens, with the help of a modest government grant, has been able to succeed where many grandiose government programs have failed.

PLANNING AND PARTICIPATION:
GUYSBOROUGH, NOVA SCOTIA

The Guysborough region in northeastern Nova Scotia is a classic case of an economically depressed rural area. In contrast to the rest of Nova Scotia, the population of Guysborough has declined since 1971. So many of the young and better educated have left that children and old people figure disproportionately in the population. Those who have stayed behind subsist on a per capita income that is one-third below that of the province as a whole; half of those who filed income tax returns in 1975 reported incomes under \$5,000.

Employment in Guysborough is concentrated in seasonal industries such as fishing, forestry and small-scale construction. Manufacturing and processing industries, retail trade and service outlets - significant employers in most communities - are absent or underdeveloped in the area. Jobs have become so scarce that many workers are forced to commute outside of the county.

The combination of seasonal employment and a limited economic base inevitably spells high rates of unemployment. The current recession, which has hit few places harder than Guysborough, has made matters even worse. During the past few years the jobless rate has been as high as 45%, and this counts only those persons actually registered with the local Canada Employment Center.

Guysborough's troubles are well known to the area's federal and provincial elected representatives, who for years have been criticized for failing to secure any substantial government assistance for their constituents. In the autumn of 1974 an opportunity arose to do something about Guysborough's worsening employment situation when the federal government invited the province of Nova Scotia to participate in the Community Employment Strategy.

The Community Employment Strategy (CES) is a product of the review of social security programs and services conducted jointly by the federal and provincial governments from 1973 to 1976. Launched as a three-year experiment in selected communities throughout Canada, CES's objective is to explore new ways of opening up job opportunities for employable people who depend on social assistance or unemployment insurance for most or all of their income. Three basic principles underlie the CES philosophy:

- government employment programs and services require better coordination and planning if they are to achieve a larger and more lasting impact;
- long-term, comprehensive plans (called 'strategies' in CES jargon) specifically tailored to meet the needs of chronically unemployed persons in each community are needed;
- members of the community, including the unemployed themselves, should help design and implement these employment strategies.

Negotiations between the federal government and the Nova Scotia Department of Social Services brought an announcement in May 1975 that the Municipality of the District of Guysborough (as well as two towns in the area, Canso and Mulgrave) had been selected as a CES community. Although neither the people of Guysborough nor their municipal councillors had played any role in the selection process, they welcomed the promise of increased government attention to their employment problems. The Municipal Council called a public meeting to introduce CES and explore the possibility of establishing some form of citizens' committee as a mechanism for community participation.

This first public meeting was marked by a pattern of enthusiasm mixed with confusion that was to affect progress for the next two years. Many of the 200 residents present were left with

the mistaken notion that CES was a major source of new money, particularly after they were told of its \$50 million national budget.³ Federal officials in Ottawa, however, saw CES primarily as a way of making better use of already existing resources; the \$50 million was to be divided among 20-odd communities throughout Canada over a three-year period, and funds were to be used only to support citizens' committees and supplement existing government programs.

Federal officials felt that this initial meeting should simply introduce the basic concepts underlying CES and begin a discussion of the form and composition of a citizens' committee. The representative from the provincial Department of Social Services, on the other hand, viewed the session as an appropriate time and place to actually set up a permanent organization. After a lengthy debate, the Guysborough residents attending the meeting decided to establish an 11-member community employment committee made up of persons elected from each of the nine municipal districts and the towns of Mulgrave and Canso.

Within a few weeks local meetings had been held throughout the Guysborough area to publicize CES and elect members to the citizens' committee. The Community Employment Strategy Association (CESA), as the committee called itself, drew up a constitution, became incorporated as a non-profit organization and, with funds provided by the federal manpower department, rented an office and hired a full-time community worker.

CESA immediately drew up a 'master plan' calling for the development of small businesses as the backbone of an employment strategy for the Guysborough area. Work also began on a variety of specific job creation projects. In November 1975 the Association proposed that CES pay the cost of construction materials to renovate an old building for use as a medical center. By the end of the

winter CESA had reviewed some 28 other proposals and drawn up an operating budget for the 1976-77 fiscal year.

While all this progress was being made at the community level, federal and provincial civil servants in Halifax were struggling to establish their own work group responsible for overseeing the implementation of CES in Nova Scotia. It soon became evident that the pace of activities in the community was outstripping the capacity of the bureaucracy to effectively perform its role.

CESA wanted to mount several successful projects to win credibility and support among the people of Guysborough. However the federal and provincial governments hadn't managed to develop clear guidelines concerning what funds were available, for what purposes and through what review procedures. Just at the time when the community wanted concrete proof of government's commitment to CES, government appeared to be dragging its feet.

The concept of an 'employment strategy', so central to the philosophy of CES, proved especially difficult to work out. There had to be a clear plan or 'strategy' which analyzed the needs and problems of the chronically unemployed in Guysborough and prescribed solutions before Ottawa could judge the merit of individual project proposals submitted for approval. Yet government officials, particularly those at Manpower headquarters, were reluctant to issue detailed guidelines outlining the elements of such a strategy because that would violate the spirit and purpose of CES, turning it into just another top-down government-controlled program. At the same time the Ottawa civil servants were unwilling to yield final decision-making authority over the expenditure of CES funds to their officials in Halifax, and certainly not to CESA itself.

Eager to get its operating budget approved and projects funded, CESA turned its attention to preparing an employment strategy.

A document was submitted to the federal-provincial work group in Halifax, endorsed and sent to Ottawa for final approval in March 1976. The plan identified the development of the local economy as the indispensable foundation of a strategy to provide permanent jobs for the chronically unemployed. It proposed that an investment capital fund be established, with government support, to help found and develop small-scale businesses that could produce goods and services as well as jobs for the community.

Manpower officials in Ottawa, however, rejected the strategy in its proposed form. They argued that, although a mechanism to foster community economic development seemed a plausible element in an employment strategy for Guysborough, the plan failed to identify clearly sources of financial support other than the federal manpower department. They were reluctant to commit Manpower resources to economic development since, they felt, this more properly fell within the jurisdiction of other government agencies such as the Department of Regional Economic Expansion (DREE), Industry, Trade and Commerce and the provincial Department of Development.

CESA reworked its employment strategy and trimmed the proposed budget, with help from the federal-provincial work group and guidance from a set of directives finally issued out of Manpower headquarters in June 1976. A revised strategy was submitted to Ottawa in August; when a response came in October, the answer again was negative, citing similar reasons as before. In February 1977 CESA was asked to prepare a more detailed plan explaining how its proposed employment strategy could be implemented.

The residents of Guysborough were growing increasingly dispirited with what they viewed as a sterile and unproductive paper war with bureaucrats in Ottawa. CESA members recognized the importance of drawing up a long-range plan that would guide and coordinate the various individual job-creating projects. However the combination of CESA's inexperience, lack of guidance from govern-

ment officials who controlled the purse strings and the pressure to produce quick results made the process of drafting an acceptable community employment strategy a trying and discouraging ordeal.

Yet another round of discussions was held to redraft the strategy in an attempt to satisfy the demands for additional information. In Halifax the federal-provincial work group enlarged its membership to include representatives from DREE, the Federal Business Development Bank and the Nova Scotia Department of Development so that better coordination of government departments would be achieved. To make a stronger and more persuasive case for the emphasis on economic development as the basis for its employment strategy, CESA hired the Management Services Center of St. Francis Xavier University to undertake an analysis of the local economy and the feasibility of establishing a community-based organization to promote small business development. However it wasn't until October 1977 - two years after the initial 'master plan' and 14 months since the revised strategy had been submitted - that Ottawa finally accepted CESA's plan for Guysborough.

However troubled relations between government and community were in the early period of CES, both partners have resolved their difficulties and have mounted a broad range of projects to develop the local economy. To date CESA has considered more than 50 proposals for job-creating projects. CESA has rejected some of these as unfeasible or inappropriate because they fell outside the bounds of the community employment plan. But approximately half of the submissions received from individuals and groups in the community or conceived by CESA itself have been approved and have received some form of CES support.

Wherever possible resources are sought from existing government departments. However if a proposal doesn't fit the criteria of a particular program or if the program can't afford to support another project, CES funds can be made available. In many cases CES money is

used to 'top up' funds from other programs or from private sources, while a few projects are wholly dependent on CES financing. A few illustrations give some indication of the progress made since CES began in Guysborough in the summer of 1975.

Fishing has always played an important part in the economy of Guysborough's coastal towns, but there is still potential for more development, particularly in the processing and marketing of inshore fish products. The Little Dover Boat Building venture, funded under a LEAP grant and sponsored by the Blue Ribbon Co-op, repairs and builds inshore fishing boats. CES paid half the cost of constructing a marine slipway that is used to launch boats, and cooperated with the Department of Fisheries to buy a freezer to help the Co-op expand into fish processing. CESA also helped another fishing community, Seal Harbour, draw up a proposal for provincial help in constructing a similar marine slipway and boat-building facility.

CESA's employment strategy has identified forestry as another traditional source of employment that could provide more jobs. The rising cost of fuel, particularly severe in Atlantic Canada, makes small-scale, locally owned and operated woodlots an increasingly feasible business proposition. CES funds were used to supplement a Canada Works grant for a forest management program sponsored by the municipality of Guysborough and financially supported as well by DREE and the Nova Scotia Department of Lands and Forests.

Finished wood products are a potential source of jobs and income for Guysborough residents. CESA recently moved its headquarters into an unused school renovated with CES and Canada Works funds to house the Sunnyville Woodcrafters Project, which trains and employs unskilled local men who can't find work. The Woodcrafters Project was first funded by a LIP grant to construct furniture for needy families and now, with help from LEAP and CES, is developing into a commercial woodworking venture.

Guysborough is located in an area of particular natural beauty along the shores of Chedebucto Bay and the Atlantic Ocean, so tourism development is an obvious element in CESA's employment plan. CESA arranged provincial government assistance for a tourist complex in the village of Guysborough, and participated in a task force that recommended federal investment in a long-term tourism development plan for the region. CESA also funded a survey of local handicraft manufacturers serving the tourist market, and put together a package of CES and Canada Works funds to develop a tent and trailer park.

CESA has also explored more unconventional avenues of creating jobs through small enterprise development. CES money enabled a cooperative in the town of Canso to buy and renovate an old building that now houses a combined silk screen shop and bakery. The project, funded through LEAP, will employ ten local people when it is fully underway. CESA supports another co-op that is developing a commercial blueberry-picking enterprise. CES and Canada Works funds are helping the group build roads and a storage facility to expand their capacity.

Residents of the Guysborough area lack many of the normal services that most Canadians take for granted. One undertaking that cost a considerable amount of time and energy but paid off in the end is A and E Developments, a combined pharmacy and department store employing nine previously unemployed persons. A complex arrangement was engineered whereby CES contributed some funds to the project through a holding company set up by CESA; most of the funding came from private investors. An early CES project, the Goldboro-Bayview District Medical Center, was financed through CES, LIP and money raised in the community; the center houses a doctor, nutritionist, dentist and a public health facility, and doubles as a community meeting place and branch office of CESA. CES has also concerned itself with improving the housing conditions in Guysborough. CESA helped groups in three communities obtain LIP grants and Central

Mortgage and Housing Corporation funds to build and repair homes for low-income residents.

CESA calculates that so far its efforts have opened up more than 60 permanent jobs and over five times that number of temporary jobs. A wide variety of enterprises has been started, many of which promise to expand and create more employment. Though most are modest in scale, they successfully demonstrate how community economic development can unlock a chain reaction of benefits - useful goods and services are produced, in turn creating and retaining jobs and income in the community and reducing its dependence on outside suppliers and employers.

Guysborough is one of only 15 communities in eight provinces which are now participating in CES. Recently, however, an opportunity arose to extend employment planning to a larger number of communities throughout Canada. The legislation converting the Department of Manpower and Immigration into the Canada Employment and Immigration Commission contains a provision for establishing "regional and local committees" to advise and assist the renamed federal agency.⁴

The federal government would do more harm than good to arbitrarily appoint hundreds of advisory committees throughout the country. Instead the initiative must come from communities themselves. Unless there are residents who are willing to commit their time, talent and energy, communities can play nothing but an ineffective and ultimately frustrating role by participating in what would become token advisory committees.

Governments, for their part, have two basic responsibilities in local employment planning. Federal and provincial departments must coordinate the delivery of their employment programs and services on a community basis, not just regionally or provincially. And they must make available the necessary resources to those communities which choose to set up employment advisory committees. The new legislation

empowers the Canada Employment and Immigration Commission to provide "such professional, technical, secretarial and other assistance" as the advisory committees may require.⁵ In practical terms government support could take such forms as assigning a specially trained staff person from the local Canada Employment Center to work with the community employment committee, providing a research grant for a study of local employment needs and resources, or simply giving the committee free access to office space and equipment.

The precise composition and functions of the committees will vary from one locale to another. However their membership should always reflect a broad spectrum of groups and interests, including representatives from the unemployed and working poor, business, labor and voluntary organizations. As advisory bodies, community employment committees won't themselves operate employment projects, administer programs or draw up budgets. But they can contribute a strong community voice to the design and delivery of a coordinated set of government programs and services directed at the unemployed.

Community employment committees would build their capacity and expertise over time. They could begin by taking over the function of the Ministerial Advisory Boards established in most federal constituencies to help select Canada Works and Young Canada Works projects. But instead of meeting for limited periods each year to screen submissions for only two job creation programs, community employment committees would constantly monitor and assess a wide variety of government initiatives - training, job creation, counselling and referral services - intended to help the unemployed. They could act as a sounding board for dissatisfied users of government employment services, whether employers or job-seekers. They could point out rigidities in program regulations that hamper effective coordination, and identify needs of the unemployed that aren't being adequately met

by existing manpower services. Community employment committees could participate directly in the planning process, working with government to design a local employment plan geared to the particular problems of the unemployed in their community.

In practice community employment committees likely will vary a good deal in the tasks they perform. Some will be more sophisticated, resourceful or ambitious than others. But their primary responsibility must be to build the capacity of community residents and the recipients of government services - rather than government planners alone - to develop effective solutions to the problems of the unemployed.

CREATING JOBS WITH A FUTURE:
WEATHERCHECK

Statistics show that Canada is faced with a widening gap between the number of people out of work and the number of job vacancies available to them. Whereas during the months of July, August and September of 1974 there were on average 24 job openings for every 100 unemployed, that figure declined consistently to nine vacancies for the same period in 1975, eight in 1976 and a new low of five openings in the third quarter of 1977. In the first three months of 1978 every hundred job-seekers chased only three jobs.⁶

To combat the dilemma of rising numbers of unemployed workers competing for an insufficient stock of jobs, Canada has pioneered in the field of government direct job creation. Beginning in 1971 with Opportunities for Youth (OFY), a program designed to create jobs for students during the late spring and summer, the federal government subsequently introduced the Local Initiatives Program (LIP) to provide employment during the winter for the seasonally unemployed, and the Local Employment Assistance Program (LEAP) to explore new ways of opening up long-term jobs for the chronically unemployed. OFY and LIP were discontinued in 1976 and 1977 respectively, but live on, in much the same form, as Young Canada Works and Canada Works. Several provincial governments have also established job creation schemes, often directed at young people.

Most direct job creation projects have made available goods and services that are either unknown or in short supply in their communities. Many have contributed valuable benefits in the form of social and health services (such as day care, information centers and help to the aged and handicapped), sports and recreational facilities, environmental improvements, and renovations to houses

and community facilities. A few of these projects have managed to become self-supporting or obtain funding from other sources, so that what began as a scheme for temporary employment has been transformed into a permanent addition to the community's stock of jobs and services.

Federal and provincial direct job creation programs are jointly funding a project in Winnipeg that promises to grow into a self-sufficient business. Owned and operated by members of the city's native community, Weathercheck is a small company that produces cellulose insulation for sale to homes and commercial establishments throughout Manitoba.

The idea for Weathercheck came from the Project for Industrial Native Training, an organization that sponsors small business ventures as a way of providing training and stable employment for Winnipeg's rapidly expanding native population. The necessary start-up funds for Weathercheck were obtained from two levels of government: \$200,000 from the federal LEAP program to pay wages and overhead expenses, and a \$140,000 loan and \$50,000 grant from the Manitoba Inner City Employment Program to cover the costs of renovating a warehouse and purchasing and installing machinery. A board of directors comprised of native leaders, federal and provincial civil servants and business consultants was set up to oversee Weathercheck's affairs.

The key to Weathercheck's success is its simple and economical production process. The basic raw material for cellulose insulation is recycled newspaper which is regularly collected by truck from 6,000 participating homes, apartment buildings, trailer parks and businesses in the Winnipeg area. At the Weathercheck plant the newsprint is sorted, loaded onto a conveyor belt and fed into a shredding machine where three chemicals are added to make the insulation resistant to fire, rot and vermin. The finished material

is then blown into 28-pound bags which are weighed, sewn and stacked to await shipment to local insulation companies. The entire process - from loading newsprint to piling finished bags - takes only a few minutes.

The energy crisis and Winnipeg's frigid winters assure Weathercheck a ready market for its insulation. But good business ability is also needed to prosper in what has become a highly competitive field. Weathercheck's planners decided to manufacture a top-quality product which is cheaper than other kinds of insulation, yet superior because it resists cold better and can be blown into hard-to-reach crevices in walls and ceilings. The current high demand for insulation will likely begin to ease in four or five years, but Weathercheck hopes that by then it will have carved out an established niche in the local market and be exporting farther afield.

At the present time Weathercheck employs 18 workers - a manager, secretary, bookkeeper, two paper sorters, six mill workers and seven paper collectors. Jobs on the shop floor are rotated to vary the daily routine. Employee morale is high because there is a sense of team spirit and a conviction that, as one worker explained, "what you do here really counts".⁷

Weathercheck has been operating only since December 1977, but hopes to earn enough revenues by the end of its first year that it can begin paying off its provincial loan and reduce its dependence on LEAP funds for salaries. Once it becomes a fully self-sustaining business, Weathercheck plans to use its profits to hire more employees and, if possible, contribute to other similar job-creating ventures for Winnipeg's native residents.

Weathercheck is an example of the use of public funds to launch an entrepreneurial venture that can, in time, pay its own way and become independent of government support. However less

than five percent of the federal direct job creation budget is used to encourage small commercial enterprises like Weathercheck which provide permanent employment. The vast majority of funds are devoted to the large Canada Works and Young Canada Works programs. Because these schemes provide funding for a limited period - a maximum of 52 weeks in the case of Canada Works - and government regulations prohibit Canada Works projects reapplying for support for a second year, most of the projects are one-shot efforts that offer only short-term and temporary relief from unemployment.

The impact of job creation programs depends a great deal on how much money the federal government allows for their budget. For 1977-78 approximately \$356 million were allocated to Canada Works and LEAP, the programs employing adults and non-students. This figure translates into just under 77,000 jobs lasting an average of between 6 and 7 months; recalculated in terms of a full year's work, only 38,750 jobs would be produced. Even if job creation schemes were restricted to low-income workers (which is not the case), 38,750 jobs could help only a limited number of poor Canadians who want full-time work.⁸

However, simply increasing the direct job creation budget isn't the answer. A new community service job creation program, specially designed to meet the needs of the low-wage labor force, must be established.

These jobs should be permanent, filling a well-documented need for goods and services that are in scarce supply in many communities, especially those suffering unusually high rates of unemployment. No restrictions should be placed on how long workers can remain in such jobs, though it's likely that a good number would opt for conventional employment in the private sector as the economy improves. While continued public support should be provided to non-profit projects that deliver useful social services, entrepreneurial

ventures should be encouraged. Some may require only short-term start-up support, while others may need a long-term government subsidy to supplement what revenues they are able to generate.

The new job creation program would provide a badly needed focus for existing manpower services such as training, counselling and job placement which, because they aren't now linked with assured employment, fail to deal effectively with the problems of the low-wage unemployed. Depending on the needs of participants, community service jobs could provide a temporary period of on-the-job training and work experience, while assuring stable employment for those unable to find suitable work in the regular labor market. Manpower counsellors could more effectively plan and coordinate their services; different combinations of counselling, community service employment and specialized training could be tailored to fit the specific problems and potential of individual clients.

The community service job creation program would help break the wasteful, frustrating cycle of intermittent periods of low-wage employment alternating with unemployment insurance, training allowances or welfare payments experienced by so many thousands of Canadians who instead want full-year full-time work. It would provide steady earnings and useful job experience for the poor as well as valuable goods and services to the community. And it would represent a more productive investment of public funds than present short-term job creation schemes.

COMMUNITY ECONOMIC DEVELOPMENT:
NEW DAWN ENTERPRISES

For years the people of Cape Breton Island have witnessed the steady economic decline of their communities. The mainstays of local industry - coal mining and steel manufacturing - have been victims of worldwide changes in fuel consumption, shifts in international markets, and obsolescent facilities. Attempts to attract secondary manufacturing have largely failed; several companies have taken advantage of interest-free loans, free factories and other government incentives, but after a few years have moved to locations where business conditions are more favorable. The other traditional sources of employment - fishing, farming and forestry - have rarely been able to offer Cape Bretoners more than a marginal income and inevitably involve jobs that are seasonal.

The result, predictably, is unemployment - and on a scale that is staggering, even by current national standards. Jobless rates of 25 to 30% - more than three times the Canadian average - are common among the Cape Breton labor force. For every three young people between the ages of 16 and 21 fortunate enough to have a job, seven others remain out of work. More than half of the island's construction workers were unemployed last winter. Many people have pulled up stakes and joined the exodus of Cape Bretoners moving to other parts of Canada.

In 1971 a small group of Sydney residents, active in adult education and citizens' groups, decided that community organizing to protest government inaction wasn't producing any visible or lasting results. What was needed instead was a direct way of fighting unemployment and rejuvenating the local economy. New businesses, owned and operated by community residents, would have to be created to provide both jobs for the unemployed and services for the community, particularly its low-income residents.

The group considered several proposals as starting points - an engine repair shop, housing renovation and construction - but nothing concrete emerged. In late 1973, however, they were asked to help a non-profit arts and crafts school acquire better quarters. The Cape Breton Association for Co-op Development was organized to buy and renovate a building. The purchase was financed through a mortgage from the Nova Scotia Credit Union League, while a LIP grant from the federal manpower department paid the wages of unemployed workers hired to do the renovations.

Besides donating space to the school, the Co-op converted part of the building into apartments and a small store. It thus both increased the value of the property and turned it into a profit-making venture. A modest but successful first step had been taken on the road to community economic development.

The Co-op obtained another federal manpower grant, from the Local Employment Assistance Program (LEAP), to support the continued training and employment of some of the workers who had renovated the crafts school building. During the next two years this 'jobbers' project, as it was called, restored several rundown buildings which the Co-op purchased, renovated, and then rented at modest rates.

In 1975 a second organization, the Shining Waters Housing Association, was formed to take advantage of a federal program for non-profit groups interested in constructing housing for low-income tenants. The new group drew up plans to build a nine-unit apartment block in Glace Bay, a town close to Sydney.

Gradually, as the pace and extent of activities increased, it became clear that a central organization was needed to provide administrative and accounting services for the two existing enterprises, and to plan and execute additional projects. At this same time a workshop was organized by Dalhousie University's Legal Aid

Service to discuss community development corporations (CDCs), an approach to local economic development pioneered in the United States. The Cape Breton Association for Co-op Development decided to explore the possibility of building its own CDC. It approached Health and Welfare Canada's National Welfare Grants program and received funds to commission a feasibility study by a management consulting firm.

Meanwhile meetings were held by members of the community interested in pursuing the idea of a CDC. A consultant who had played a key role in the community economic development movement in the United States was brought in to help the group devise a work plan mapping out the various stages and tasks necessary to launch a CDC. An interim board of directors for the proposed organization was established and, armed with favorable results from the feasibility study, the group submitted a proposal for funding to Welfare Grants. In early June 1976 the CDC, named New Dawn Enterprises Limited, received an \$80,000 grant for operating and administrative costs, renewable for up to three years.

New Dawn in some respects resembles a modern business corporation. It is incorporated as a limited company under provincial legislation. It has a board of directors which meets at least once a month to discuss the operation and direction of the corporation. There is also a salaried staff, headed by a general manager, that conducts day-to-day business.

New Dawn's core organization consists of three divisions. The largest of these, the business division, is in charge of construction and real estate management while the other divisions are responsible for social services and cultural affairs. The purpose of the core organization is to provide managerial and accounting services to the groups and enterprises that are attached to the CDC either as subsidiaries or affiliates.

New Dawn's subsidiaries are the organizations that preceded the CDC - the Shining Waters Housing Association and the Cape Breton Association for Co-op Development. Their boards of directors each name two delegates to New Dawn's board. The subsidiaries have agreements with New Dawn through which the CDC constructs or renovates their buildings and handles the management of their properties - locating tenants, collecting rents, keeping accounts and performing repairs. New Dawn's business division, in turn, charges its subsidiaries a fee for its construction and property management services, and these revenues flow back to support the CDC and its non-profit projects.

Affiliated projects are more independent than the subsidiaries. In return for membership in New Dawn, affiliates receive assistance such as rent-free premises and personnel from the social development division. For example the Senior Citizens Resource Center, a non-profit affiliate, is located in a building rented by New Dawn and has access to free secretarial services.

Even though New Dawn uses an organization similar to that of a normal corporation, its fundamental purpose is quite different. Because it is a CDC, New Dawn isn't designed to make money for shareholders and owners. Though its business division does try to make a profit, revenues are recycled into New Dawn to help finance non-profit projects of the social and cultural divisions and to develop new business ventures. Profits are only a means of sustaining the CDC, expanding its stock of projects and, eventually, achieving some measure of independence from government funding.

New Dawn's board of directors has 15 members. The board has formal legal control and responsibility for the organization, but active membership extends to some 75 persons, including those serving on project committees, delegates from affiliated groups and several members-at-large. The project committees are advisory in nature and are responsible for recommending new projects to the

board as well as providing such services as drawing up plans for new construction. Many of the members of these committees contribute valuable professional services - as lawyers, architects, and businessmen - at no charge.

Any business requires skilled and experienced staff. New Dawn has been fortunate in attracting highly qualified and dedicated personnel, such as its general manager who was a successful local businessman. However, New Dawn has limited itself to a small full-time staff. Besides the general manager who heads the business division, key personnel include an office manager and the director of the social development division. Other salaried employees, such as those working in the construction department, are hired mainly on a contract basis for specific projects.

New Dawn's administrative and operating costs - staff salaries, office equipment and so on - are paid under the grant from Health and Welfare Canada; funding for a third year began on April 1, 1978. Other government agencies, such as the federal LIP and New Horizons programs and the Nova Scotia health and social services departments, have supported some of the projects affiliated with the social development division. All building projects have been financed through Central Mortgage and Housing Corporation (CMHC) mortgages and loans negotiated with private agencies such as the Nova Scotia Credit Union League.

The final and potentially most important source of funds is profits earned by the business development division. In a one-year period (June 1976 to June 1977) approximately \$39,000 in net revenues were realized by the real estate and construction departments. New Dawn's long-term goal is to accrue an investment pool from its net revenues. This money would be used as a source of capital for new business ventures and as a means of generating part of the income needed to sustain the core organization.

Because decent and affordable housing is an urgent need in Sydney and its neighboring towns, New Dawn's business division has concentrated on house construction and renovation and real estate development. At last count some 16 buildings have been built or rehabilitated, providing 74 rental apartments and stores. These include two new apartment buildings, one containing nine units and the other twelve, and two partially finished houses which have been bought for completion and resale. Using funds from the federal government's Residential Rehabilitation Assistance Program, New Dawn has also renovated a slum block to create eight apartments in downtown Sydney for low-income residents.

On occasion New Dawn extends its services to outside groups which have no formal affiliation with the CDC. For example, the local council in a nearby county approached New Dawn for assistance in building low-income housing under the federal government's Rural and Native Housing Program. New Dawn's business division arranged the purchase of land and the hiring of local contractors.

New Dawn's social development division is engaged in a variety of non-profit projects that directly benefit residents of Sydney and the surrounding area. Its storefront headquarters, known as the Metro Information Center, are located in a building rented by the real estate division. People needing information on government programs and services or community organizations can phone or drop in, and a meeting hall is used by over 30 voluntary associations as well as New Dawn's project committees. A number of local groups use the Metro Center's telephones and post office box to maintain contact with their members and clientele.

The Metro Information Center houses a consumer complaint and information office, funded under a contract with the federal Department of Consumer Affairs. Community Involvement for the Disabled, a group concerned with making services more accessible

to handicapped people, also benefits from the social development division's staff and facilities.

New Dawn has a special interest in the problems facing elderly people. A Senior Citizens' Resource Center was established as a clearing house for government services for the aged and a contact point for the field officer from the federal government's New Horizons program. The Center has sponsored a house repair project that has improved some 300 homes owned by senior citizens. Another New Dawn venture, the Harbourview Guest Home, provides accommodation and special care for 27 aged persons. New Dawn's real estate division bought the building with a CMHC mortgage, while the social development section hires and supervises the Guest Home's staff.

New Dawn has also enabled ten former mental patients to live in a normal community setting rather than in an institution. The Union Street Group Home is situated in a building purchased by the real estate division and managed by a board composed of representatives from New Dawn's social development committee, the provincial Department of Social Services and the municipal government.

A basic principle of community economic development - using business skills and techniques to fulfill unmet social needs - is well illustrated by New Dawn's highly successful dental facility in Glace Bay. Before New Dawn came along, the town's residents had to wait up to a year for an appointment with a dentist in Sydney or travel several hundred miles to Halifax. New Dawn renovated one of its buildings to provide rent-free space suitable for a dentist's office; financing was arranged through a loan from the Nova Scotia Credit Union League and a grant for dental equipment from the provincial health department. Five permanent jobs - for two young dentists, a dental hygienist, an assistant and a secretary - were created, and

an invaluable service was made available to the community. A second facility employing two dentists is now under construction to serve the Sydney area.

In addition to its business and social development concerns, New Dawn is interested in promoting the cultural life of Cape Breton Island. The Cape Breton School of Crafts is a New Dawn affiliate, receiving rent-free space in a commercial building. Last year over a thousand residents took part in courses and workshops offered by the school. New Dawn's cultural committee also organizes concerts to raise money for community groups.

Like any young and rapidly expanding business, New Dawn has experienced growing pains. Some of these problems involve the internal workings of the complex organization that has evolved out of the two organizations that preceded the CDC. The pressure to move quickly and forge a variety of different links with the affiliates and subsidiaries has resulted in some confusion and lack of clarity concerning decision-making procedures. The respective roles, relationships and authority of New Dawn's project committees, board of directors and staff are still not wholly resolved. The business and social development divisions have grown so much in such a short time that planning - an important element of community economic development - hasn't received the attention it deserves.

Effective community participation has been another problem. As a business - albeit a rather unusual one - New Dawn often must act quickly to take advantage of commercial opportunities, many of which involve complex technical considerations. Finding a substantive and continuing role for community residents in this aspect of the CDC's affairs isn't easy. There has been a high turnover among board and committee members, most of whom are personally recruited by current New Dawn members rather than formally elected by the

wider community. New Dawn looks for members who can contribute specific skills; however, some professionals are afraid that offering their services on a voluntary basis will be seen as unfair competition by colleagues who want to sell their services to the CDC.

Perhaps the most serious difficulty New Dawn has experienced is meeting the funding requirements of government programs which aren't designed to take into account the unique characteristics of a CDC. For example, local CMHC officials have objected to New Dawn's practice of calculating a small margin of profit, above the actual cost of material and labor, into its loan applications. New Dawn has argued that a modest markup is necessary to meet unforeseen expenses and that a CDC must be able to earn a profit on at least some of its business ventures if it hopes to support its social service projects and gradually reduce its dependence on outside funding. Government officials, on the other hand, have felt that the CDC should claim minimal costs because it is receiving financial assistance under legislation intended for non-profit groups.

New Dawn's financial prospects are somewhat uncertain. Though the business division is expanding and bringing in reasonable profits, the amounts involved aren't sufficient to cover the full cost of staff salaries and other administrative expenses, let alone support the CDC's social and cultural projects. As a result, New Dawn must continue to rely upon government funding in the foreseeable future; a special two-year extension to the grant from Health and Welfare Canada is being sought.

In large part New Dawn's financial problems stem from its lack of ready access to venture capital, the seed money that any business needs to invest in new projects and to keep afloat until profits begin to come in. Conventional sources of investment capital are hesitant about getting involved in so unusual an enterprise as a CDC. Instead, New Dawn has had to rely on mortgages, which involve

long-term debts and restrict the business division to housing projects.

Despite its problems, New Dawn has accomplished a great deal in a short time. It has managed to parlay its current operating budget of \$120,000 a year into more than \$600,000 in directly-administered projects and another \$500,000 worth of activities assisted but not operated by the CDC. From a broader social development point of view, New Dawn has mounted an impressive array of projects that produce tangible benefits to community residents. Some 40 permanent and 66 short-term jobs can be attributed to New Dawn and the projects it has supported. Above all, New Dawn offers concrete proof that community residents can, through their own initiative and energy, conceive and carry out an innovative approach to developing the local economy, one which government and the private sector are unwilling and probably unable to undertake themselves.

Encouraged by the achievements of New Dawn, several other Canadian communities are adapting the CDC model to suit their own needs and purposes. The Guysborough CESA, for example, has proposed the establishment of a CDC to channel public and private investment capital into the development of small businesses. The objective is still the same as the Community Employment Strategy - providing permanent jobs for the chronically unemployed - but the CDC is seen as a permanent mechanism that will allow the people of Guysborough the autonomy and resources they need to manage their own plans for economic development.

If CDCs are to have any chance of getting off the ground, they will require outside support for start-up costs, initial administrative and operating expenses and, most important, investment capital to develop community enterprises. To avoid the kind of problems New Dawn has encountered in dealing with government schemes that aren't designed to meet the special requirements of

CDCs, a separate community economic development program should be created. As in the case of LEAP and National Welfare Grants, a small exploratory grant would first be provided to enable the preparation of feasibility studies and an operating plan. If the proposal proved acceptable a more detailed plan, spelling out stages and kinds of activities, evaluation criteria and measurable goals would be hammered out between the CDC and government. Financial assistance (including low-cost loans as well as grants) would then be provided for a period long enough for the CDC to stand on its own feet - up to five years if necessary, after which government funding could be available only on a progressively reduced basis.

Money isn't the only resource required to mount a successful CDC. Knowledge and experience are equally important. CDCs will need help in conducting feasibility and marketing studies and drawing up business development plans. They could benefit from research and development into forms of technology that are appropriate to the small-scale, labor-intensive operations feasible for most community enterprises. Special training schemes for staff and board members will be required to prepare them for the problems encountered in establishing and managing a CDC.

A research and development institute for community economic development should be established. Such an organization would serve as a repository of information concerning CDCs and other models of local economic development. It could be funded jointly by federal and provincial governments and private industry but operate as an independent source of guidance, training and expertise.

Many of the resources required to nourish community economic development already exist, though they will have to be adapted and redirected. Federal government agencies such as Regional Economic Expansion, Industry, Trade and Commerce, the Canada Employment and Immigration Commission and the Federal Business Development Bank,

as well as provincial departments of economic development, could provide valuable financial and technical support to CDCs, though their current orientation still favors conventional business ventures. The federal government could consider setting aside part of its direct job creation budget to help finance the new CDC program. Unemployment insurance and welfare funds could be transferred to CDC projects which hire low-income unemployed persons. And the permanent job creation program proposed earlier could feed into the local economic development process by funding community service projects sponsored by CDCs.

CONCLUSION

New Dawn Enterprises, Weathercheck and the Guysborough Community Employment Strategy Association are proof that something can be done about the unemployment problems of low-income Canadians. Additional examples from other parts of Canada could also have been presented. We limited our discussion to these three projects, however, because they illustrate the essential building blocks for a long-term attack on the unemployment of the poor - community participation in employment planning, improved direct job creation and community economic development.

How each of these tools might be used by any given community naturally will depend on local circumstances. The unemployment situations in communities vary widely and call for individually tailored responses. But the lessons of New Dawn, Guysborough and Weathercheck - their problems as well as accomplishments - have relevance for any community that wants to explore new ways of creating jobs for its unemployed low-income residents.

Two basic factors account for the success of the three projects. In each case a group of concerned citizens, working together with other members of the community and the unemployed, were able to transform limited local resources and government support into worthwhile jobs that provide valuable goods and services. And instead of depending on perpetual government subsidies to cover the costs of creating jobs, New Dawn, Guysborough and Weathercheck are applying business techniques to social ends so that they can reduce their dependence on outside support.

Needless to say, none of the three projects has solved the general unemployment problem in its area, let alone created jobs for all low-income residents who need work. No single project or government program could possibly accomplish so ambitious a goal in such a

short time. But the methods being pioneered represent a marked advance over conventional stop-gap measures that merely treat the effects of unemployment, and promise a far greater long-run return on a modest initial investment of public funds.

Whether the three projects described in this report remain isolated examples of what can be done by communities and government working together, or whether they become the first step in a much broader attack on the unemployment facing the poor, depends on the Canadian people and, more immediately, their elected representatives. If we continue to pretend the jobless situation of the poor doesn't exist, nothing will happen. But if we are prepared to acknowledge that low-income Canadians face a special unemployment problem which requires a special response, a major beginning will have been made.

FOOTNOTES

1. Calculated from data presented in Statistics Canada, The Labour Force, Catalogue No. 71-001 (Ottawa: June 1978), Table 1.
2. Statistics Canada, Survey of Consumer Finances, 1976 (Income 1975 - Economic Families) - microdata tape. Data compiled for the National Council of Welfare by the Analytical Services Division, Policy Research and Strategic Planning Branch, Health and Welfare Canada. Statistics Canada's revised low income cut-offs were used to define 'poverty line' and 'poor'.
3. Background information for this section, provided by staff of Guysborough Community Strategy Association, includes evaluation reports prepared by Development Planning Associates Limited.
4. Employment and Immigration Reorganization Act, S.C. 1976-77, chapter 54, section 24(1).
5. Ibid., section 25(1).
6. Calculated from data presented in Statistics Canada, The Labour Force, Catalogue No. 71-001, Table 1 and Quarterly Report On Job Vacancies, Catalogue No. 71-002, Table 4. Results refer to full-time job vacancies.
7. Romanowski, Betty. "Weathercheck", The Winnipeg Tribune (Winnipeg), January 10, 1978.
8. Calculated from data provided by the Job Creation Branch, Canada Employment and Immigration Commission.

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The Council is grateful for information and assistance provided by community residents and staff members of the three projects discussed in this report.

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* * * * *

National Council of Welfare
Brooke Claxton Building
Ottawa K1A 0K9

Director: Edward Tamagno
Project Consultant
Ken Battle

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The National Council of Welfare was established by the Government Organization Act, 1969 as a citizens' advisory body to the Minister of National Health and Welfare. Its mandate is to advise the Minister on matters pertaining to welfare.

The Council consists of 21 members, drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council includes past and present welfare recipients, public housing tenants and other low-income citizens, as well as lawyers, professors, social workers and others involved in voluntary service associations, private welfare agencies, and social work education.

Reports by the National Council of Welfare have dealt with income security, taxation, the working poor, children in poverty, single-parent families, social employment, social services, community organization, nutrition, legal aid/legal services, low-income consumers, poor people's groups and poverty coverage in the press.

*On peut se procurer des exemplaires en
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Ottawa K1A 0K9*

